

# TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

0 3 — 0 2 5

OKLAHOMA

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

01-01-04

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 442 and 42 CFR 447

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-D, Page 13  
Attachment 4.19-D, Page 26  
Attachment 4.19-D, Page 42  
Attachment 4.19-D, Page 55

7. FEDERAL BUDGET IMPACT:

a. FFY 2004 \$ 2,437,500

b. FFY 2005 \$ 3,250,000

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):

Same Page, Revised 01-01-02, TN#02-04  
Same Page, Revised 01-01-02, TN#02-04  
Same Page, Revised 01-01-02, TNE02-04  
Same Page, Revised 01-01-02, TN#02-04

10. SUBJECT OF AMENDMENT:

Annual SS Cola adjustment to NF rate

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ OTHER, AS SPECIFIED:

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Mike Fogarty

14. TITLE:

Chief Executive Officer

15. DATE SUBMITTED:

December 23, 2003

16. RETURN TO:

Oklahoma Health Care Authority  
attn: Jim Hancock  
4545 N. Lincoln, Suite 124  
Oklahoma City, OK 73105

## FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

JAN - 2 2004

18. DATE APPROVED

JAN 28 2004

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL

JAN - 1 2004

20. SIGNATURE OF REGIONAL OFFICIAL

Bill Lasowski

21. TYPED NAME:

William Lasowski

22. TITLE:

Acting Deputy Director, CMSO

23. REMARKS:

cc: Mike Fogarty  
Jim Hancock

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES  
FOR NURSING FACILITIES

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Revised 09-01-01

7. For facilities demonstrating compliance for two consecutive quarters as of June 30, 2000, the reporting requirement is waived. Facilities not in compliance or not participating at July 1, 2000 may not participate in the program and may not receive the enhanced rate adjustment of \$3.15. New facilities and facilities under new ownership may participate in the wage enhancement program and will be subject to the compliance requirements of the program.

5. **SPECIALIZED SERVICES**

Payment will be made for non-routine nursing facility services identified in an individual treatment plan prepared by the State MR Authority. Services are limited to individuals approved for NF and specialized services as the result of a PASSR/MR Level II screen. The per diem add-on is calculated as the difference in the statewide standard private MR base rate described on Attachment 4.19-D page 38 and the statewide NF facility base rate in Section 3 E above. If the Standard private MR Base rate falls below or equals the base rate for regular nursing facilities the payment will not be adjusted for specialized services.

6. **COSTS OF COMPLIANCE WITH OMNIBUS BUDGET RECONCILIATION ACT (OBRA) OF 1987**

All of the costs of compliance appear in provider cost reports used to develop rates. Therefore, no further adjustment or add-on is required.

7. **RATE ADJUSTMENTS BETWEEN REBASING PERIODS**

Beginning January 1, 2004 the rates will be adjusted annually on January 1, in an amount equal to the estimated savings or loss to the program as a result of the automatic cost of living adjustment on Social Security benefits as published in the Federal Register and the resulting effect to the spenddown required of the recipients. The rate adjustment will be determined as follows: the most recent calendar year (CY) total spenddown for Medicaid clients determined from MMIS (Medicaid Management Information System) will be adjusted to the rate period (CY) by the Social Security Cost of Living Increases as published in the Federal Register. The resulting spenddown estimate will be divided by the most recent available SFY total Medicaid days to determine the rate adjustment.

Revised 01-01-04

TN # \_\_\_\_\_ Approval Date JAN 23 2004 Effective Date JAN 1 2004

Supersedes

TN # \_\_\_\_\_

## METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES FOR NURSING FACILITIES

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A settlement will be made based on the variance in the amount of enhanced payments and the amount expended for wages and benefits paid for the specified staff. The settlement will be capped at \$3.15 per day.

Facility-specific target rates were determined for each provider. Fiscal year 1995 costs were used to set the rates. The target rates were calculated as follows:

1. The reported salaries and wages for the specified staff were summed for each facility (specified staff salaries).
  2. An employee benefits ratio was determined by dividing total facility benefits by total facility salaries and wages.
  3. Total specified staff salaries were multiplied by the employee benefits ratio calculated in 2 above, to determine allowable employee benefits.
  4. Specified staff salaries and allowable employee benefits were summed and divided by total facility patient days to arrive at the base year allowable cost per diem.
  5. The base year allowable cost per diem for each facility was trended forward by factors of 2.9 percent and 3.1 percent.
  6. An adjustment of \$3.15 per day was added to the trended base year costs to arrive at the target rate for each facility.
  7. For facilities demonstrating compliance for two consecutive quarters as of June 30, 2000, the reporting requirement is waived. Facilities not in compliance or not participating at July 1, 2000 may not participate in the program and receive the enhanced rate adjustment of \$3.15. New facilities and facilities under new ownership may participate in the wage enhancement program and will be subject to the compliance requirements of the program.
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